

## Potential Veto List

#	Short Description	Justification
<b>HB 85</b>	<b>Piers 1&amp;2</b>	The purpose of this bill is to transfer jurisdiction of Piers 1&2 from the Hawaii Community Development Authority (HCDA) to the Dept. of Transportation in order to preserve it for maritime use. The bill erroneously identifies the property to the east of Forrest Avenue, when it should have identified the lands to the west of Forrest Avenue. This flaw imperils the extensive multi-million dollar pending Kakaako waterfront development Request for Proposal since HCDA would no longer have jurisdiction over the lands subject to the development proposal.
<b>HB 160</b>	<b>Compliance Resolution Fund</b>	This bill curtails the ability of the Insurance Commissioner to assess insurance companies, undermining the Commissioner's ability to regulate the industry at a time when he is investigating insurance brokers and companies for potential fraud, bid rigging and unfair business practices.
<b>HB 180</b>	<b>Extending Bargaining Agreements to Excluded Employees</b>	Reverses the Civil Service Modernization Act of 2000 that gave state and county governments the flexibility to grant merit-based compensation to reward non-collective bargaining unit civil service managers for notable service. Grants automatic pay increases based on length of service and time in grade rather than performance and public service accomplishments.
<b>HB 332</b>	<b>Frozen Bread</b>	Potentially misleads consumers by requiring all retail establishments to post signs that certain bakery products have been flash frozen and thawed, when there has been no demonstrable information that this process poses a public health or safety risk. Bakers who do not flash freeze their products are presently permitted to advertise this fact.

<b>HB 1051</b>	<b>Removing Safeguards on Prescription Drugs for Patients with AIDS/HIV and Hepatitis C</b>	Bill discriminates against Medicaid patients with HIV, AIDS or Hepatitis C who are in QUEST program as opposed to those Medicaid patients in fee-for-service program. This bill also removes the important safeguards of treatment protocols and maximum dose limits that are federally recognized as best practices and part of a responsible pharmacy program to improve health outcomes for these patients.
<b>HB 1060</b>	<b>Payments to Community Health Centers</b>	This bill requires the state to guarantee continued supplemental payments to community health centers for Medicaid patients (higher than the rates paid to other Medicaid providers for the same services), even if the federal government stops requiring the states to make these supplemental payments or reduces or eliminates the federal matching dollars. While this administration strongly supports the continuation and growth of community health centers, we cannot afford to guarantee supplemental payments unless the federal government continues to partner with us by providing federal matching funds.
<b>HB 1224</b>	<b>E-Commerce Taxation</b>	Repeals Governor's authority to appoint members of Hawaii Simplified Sales and Use Tax Advisory Council whose five members were confirmed by the Senate the same day the Conference Committee voted to delete this Council, thereby delaying work to address e-commerce taxation issues. Further, would permit the disclosure of confidential tax return information to a private contractor hired by the Legislative Auditor for the purposes of carrying out the streamlined sales tax project, breaching the protections taxpayers receive under current state and federal statutes.

<b>HB 1309</b>	<b>General Excise Tax Increase</b>	Assigns the power to collect a ½% general excise tax surcharge to the state, which will retain 10% of the proceeds. This is inconsistent with home rule, deprives the counties of a significant portion of the revenues, and denies them the opportunity and obligation to collect the taxes they vote to impose. Contains additional technical flaws including exempting written contracts signed prior to June 30, 2006, and imposing harsher penalties for failure to pay the surcharge than the penalties that apply to existing GET tax obligations.
<b>HB 1317</b>	<b>Medicaid Pharmaceutical Coverage</b>	Prohibits the Dept. of Human Services from managing pharmaceutical benefits under care plans for Medicaid beneficiaries, thereby denying the state the opportunity to reap substantial savings through the National Multi-State Purchasing Pool that negotiates discounted prices and drug rebates for prescription drugs.
<b>HB 1450</b>	<b>Gender Identity in Employment</b>	The intent of this bill is to prohibit employment discrimination on the basis of gender identity and expression. The bill poses complex issues of application and enforcement given the ambiguous and vague nature of its language and fails to provide employers, employees, or the courts an objective standard by which to judge and determine if discrimination has occurred. Current Hawaii law prohibits employment discrimination on the basis of sex and sexual orientation, as well as race, color, religion, age, marital status, national origin, ancestry or disability.
<b>HB 1548</b>	<b>Employer Union Health Benefits Trust Fund</b>	This bill would change the method by which members of the Trust Fund Board are selected. The Board is performing well under the current selection/appointment process.

<b>HB 1554</b>	<b>Leasehold Capital Gains Exclusion</b>	This bill provides a tax credit for one person in that it excludes from taxable income 50% of the capital gains realized, not to exceed \$75,000 in the aggregate for all taxpayers. In effect this amounts to a tax credit of \$5,438 (\$75,000 x 7.25%), providing an incentive for virtually only a single seller to sell their leased fee interest.
<b>HB 1556</b>	<b>Special Purpose Revenue Bond for PLK</b>	This bill would authorize the issuance of \$25 million in special bonds by the state to build a Kona coffee and macadamia manufacturing facility in direct competition with private firms that have risked their own capital to build and operate similar facilities.
<b>HB 1608</b>	<b>Voluntary Employee's Beneficiary Associations (VEBA)</b>	This bill permits employee organizations to form VEBA trusts and exit the Employer-Union Trust Fund at any time during the next three years, thereby reversing a major portion of the Health Fund reforms enacted in Act 88 of 2001 and negating the benefits of cost sharing under a single unified health benefits plan. The bill purports to impose on VEBA trusts the standards and requirements of the federal Employee Retirement Income Security Act of 1974 (ERISA). However, nothing in the legislative history suggests the United States Congress intended to permit VEBA-type plans to opt into ERISA, and the bill fails to impose the standards and requirements necessary to comply with this federal law. Further, the bill may violate statutes covering how retirees can be made members of a collective bargaining unit, and poses various legal issues regarding eligibility and public employer contributions.

<b>HB 1715</b>	<b>Gender Identity in Property Transactions</b>	The intent of this bill is to prohibit discrimination in real property transactions on the basis of “sexual orientation” as well as “gender identity and expression.” The bill poses complex issues of application and enforcement given the ambiguous and vague nature of its language and fails to provide the public, renters, buyers, sellers, property owners, or the courts with an objective standard to determine if discrimination has occurred in the housing marketplace.
<b>SB 55</b>	<b>Meal Breaks</b>	Unfairly discriminates against small businesses with sales under \$500,000 by imposing meal break standards on them, while excluding employers who are engaged in interstate commerce or have annual sales in excess of \$500,000. Further, fails to provide a remedy for employees who allege they are denied a meal break and fails to provide the Dept. of Labor and Industrial Relations with enforcement authority.
<b>SB 813</b>	<b>Reallocation of Federal Reed Act Funds</b>	Places unreasonable restrictions and may pose a separation of powers violation governing the use of federal funds for workforce development by not permitting release of the monies to the State Dept. of Labor and Industrial Relations until funds appropriated to the counties are released. The Federal Dept. of Labor has warned that the language of the bill is ambiguous and has cautioned the state against impermissible use of Reed Act funds.
<b>SB 960</b>	<b>Hurricane Fund Raid</b>	Raids \$8 million from the Hurricane Reserve Trust Fund that has a statutory obligation to pay claims and provide hurricane re-insurance to Hawaii residents when it is not available from the private sector. The use of a portion of this fund for mitigation projects would benefit only a narrow segment of the state’s population (an estimated 950 of the 240,000 single-family homes in Hawaii) and could result in continued pressure to raid the fund in future years.

<b>SB 1194</b>	<b>Deferred Compensation Plan Board Elections</b>	Changes the method by which members of the Board are selected/appointed although the existing Board selection process has been deemed satisfactory.
<b>SB 1257</b>	<b>Board of Regents Advisory Council</b>	Prematurely assumes the voters of Hawaii will ratify a Constitutional amendment to change the appointment process for the University of Hawaii Board of Regents by establishing the selection council before the voters have an opportunity to cast their ballots.
<b>SB 1262</b>	<b>Waianae Permit Moratorium</b>	Would adversely impact efforts to protect the coastline between Kalaeloa and Kaena Point by imposing the preparation of a detailed study without providing resources to conduct the study or requiring a public comment process, and will hinder efforts to administratively establish an ocean recreation management area through the proper rule-making venue that allows public input and comment.
<b>SB 1352</b>	<b>Restricting Government's Ability to Ensure Public Safety</b>	Restricts government's ability to ensure public safety and efficient services by requiring state and county governments to negotiate with union before transfers, assignments, terminations or layoffs can be implemented.
<b>SB 1420</b>	<b>Psychotropic Medication</b>	This bill discriminates against Medicaid patients with mental illness who are in QUEST program as opposed to those Medicaid patients in fee-for-service program. This bill removes the important safeguard of psychiatric oversight for patients who are chronically and seriously mentally ill. This bill also has fiscal impacts, creating an estimated \$14 million shortfall each year in state funds due to increased utilization of psychotropic drugs without psychiatric oversight.

<b>SB 1473</b>	<b>Waimano Ridge Restrictions</b>	Violates Section 5 of Article XI of the State Constitution that requires that legislative powers over lands owned by the state shall be exercised only by general laws, rather than laws restricted to a specific area. This bill would apply only to the state-owned lands in the Waimano Ridge area and requires the Dept. of Health to give prior notice to the local neighborhood and legislators before considering new or expanded uses of this area. The State Dept. of Health has already begun an extensive master planning process for Waimano Ridge that includes soliciting comments and receiving public input from the community, their legislators, and other interested parties.
<b>SB 1554</b>	<b>Research Corporation of the University of Hawaii (RCUH) Environmental Workforce</b>	Purports to permanently establish a workforce to assist the counties' fight against invasive species but fails to provide funding for the workforce. Ignores the role and responsibilities of the existing invasive species committees in the counties. Inappropriately attaches the workforce to the RCUH, an agency whose mission is to conduct scientific investigations and research, in an effort to avoid civil service laws and state personnel statutes.
<b>SB 1592</b>	<b>State Planning Review</b>	The Legislative Auditor conducts audits of financial transactions, accounts, programs and reviews the performance of departments to determine the validity of public fund expenditures. This bill instructs the Auditor to prepare the Hawaii 2050 Sustainability Plan, a function entirely outside of the scope of the Auditor's duties. Further, this bill would give \$200,000 to the Auditor, but provides no monies to the Office of Planning that is responsible for comprehensive, long-range and strategic planning.

<b>SB 1685</b>	<b>Sharing of Tax Information</b>	Would violate basic statutory taxpayer protections by authorizing the State Dept. of Taxation to share individual tax return information with the counties while failing to prohibit county officials from disclosing confidential tax return information, and contains no penalties if taxpayer information is released by the counties.
<b>SB 1772</b>	<b>Divulging Medical Coverage</b>	Requires the Dept. of Human Services to gather, report to the legislature and publicize the names of businesses that employ 25 or more individuals who are on public medical assistance programs. Could unfairly stigmatize and cause public ridicule of employers who are actually complying with labor laws. Fails to recognize that some employees may not work enough hours or earn enough to qualify for coverage under the Prepaid Health Care Act. Also fails to recognize that an employee's spouse or dependents may be eligible for medical assistance.
<b>SB 1796</b>	<b>Drug Offender Expungement</b>	Undermines the intent and purpose of Act 161, passed in 2002 to require first-time nonviolent drug offenders to undergo treatment instead of incarceration. Allows any first-time drug offenders convicted prior to July 1, 2002 to have their conviction records removed regardless of the severity of their drug offense, including those who had been convicted for the manufacture and distribution of dangerous drugs. Further, the re-sentencing provisions of this bill may violate double jeopardy principles as well as interfere with the responsibility of the Hawaii Paroling Authority.



<b>SB 1808</b>	<b>Workers Compensation Law</b>	Suspends, between January 1, 2005 and July 1, 2007, the Director of Labor and Industrial Relations' authority to improve the implementation of the workers compensation law through the rule-making process. On May 13, 2005, after extensive public participation, the Department adopted rules that address factors driving up the cost of workers compensation insurance while ensuring that injured workers receive quality medical care and benefits. This bill would negate these benefits and abrogate the public's right to participatory governance through the rulemaking process.
<b>SB 1843</b>	<b>Procurement Indemnification</b>	Prohibits contract provisions that require architects, engineers, and other design consultants to defend the government from liability. The bill has the unintended consequence of requiring the government to provide the legal defense of the design consultant when a lawsuit seeks damages from both the state and the person who designed the project.
<b>SB 1877</b>	<b>Office of Planning Restrictions</b>	Forces the Office of Planning to report solely to the Dept. of Business, Economic Development and Tourism, rather than allowing this office to provide valuable consultation to the Dept. of Land and Natural Resources and other state and county agencies. Further, for the first time, requires the director of this office to be appointed only with the advice and consent of the Senate.
<b>SB 1889</b>	<b>Apprenticeship Council</b>	Restricts the Director of Labor and Industrial Relations' management of apprenticeship programs by transferring decision-making to the State Apprenticeship Council, a body that has functioned in an advisory capacity since 1959.